

WHAT YOU NEED TO KNOW ABOUT MEDICAID

Medicaid does not have a spending problem

- Medicaid doesn't have a spending problem. The total cost of the Medicaid program is about the same as it was five years ago.
- Medicaid's budget problems stem not from overspending but from the disallowance of \$90 million of state matching funds by CMS back in 2005, and the fact no permanent sustainable method has been established to replace those state dollars.

We must keep the system going

- The program may be complicated, but the policy decision is crystal clear: Medicaid requires a fair, permanent, sustainable source of revenue for the long-term in order to protect the solvency of the program for people who most need the help.
- For 15 years, Mississippi hospitals paid part of the state Medicaid match and received federal Medicaid reimbursements. Under SB 2013 – a revised version of what was in place for years – hospitals in Fiscal Year 2009 will pay in \$200 million and get back \$1.25 billion in reimbursements.

Same tired old thinking doesn't work anymore

- Nothing in the Medicaid funding bill passed by the House is fair, permanent or sustainable. The House would cover the current \$90 million shortfall in Medicaid revenue with a one-time withdrawal from the state's savings account, giving hospitals a big tax break on the backs of taxpayers.
- Hospitals reap the benefits so hospitals should pay the tax, and have volunteered to do so.
- Under the House bill, in the next regular legislative session in January 2009, the same issues will have to be dealt with again. It's not fair to put Medicaid providers and beneficiaries, and Mississippi taxpayers through the wringer again when a real solution is available now.

It's not politics, it's policy

- Hospital leaders, including their directors, administrators and the physicians and nurses who staff them, overwhelmingly supported Governor Barbour in both his 2003 election and his reelection last year. The entire healthcare community has been part of the Governor's strongest political base.
- If Medicaid funding really was about politics, Governor Barbour's political interest would be to protect the hospitals and divert more of the burden of paying Mississippi's state share of Medicaid costs away from them and on to others.
- Instead, he says it's not fair to taxpayers to give hospitals a big tax break when hospitals have paid similar taxes for 15 years, at their own suggestion. The best Medicaid solution requires a fair, permanent, sustainable source of revenue.

Provider assessments essential to the program

- The current Medicaid budget is approximately \$4 billion for FY 09. This includes proposed provider assessments of \$292 million which includes \$90 million of hospital assessments to replace the funding mechanism disallowed in 2005, the hospital gross revenue assessments to fund UPL, hospital bed assessments, hospital DSH/IGTs and long-term care bed assessments.
- If all assessments are eliminated, Medicaid's budget would only total \$2.8 billion, and that would be a 30% reduction in Medicaid spending for all providers.
- Provider assessments are used in forty-two other states and the District of Columbia.

Mississippi can't afford lost jobs, lost revenue

- A Hinds County Chancery Court Judge has ruled Medicaid cannot increase the Gross Revenue Assessment to make up the shortfall.
- Without SB 2013, state law forces the Governor to make significant Medicaid budget cuts. No Medicaid recipient will be cut off the rolls, but cuts will be made that will affect local jobs and local tax revenues. This is of significant interest to mayors and county supervisors, local businesses and economic developers, and community organizations.
- Due to the state-federal match nature of the program, to make up a \$90 million shortfall actually means cutting about \$375 million, and that will take \$375 million out of circulation in the Mississippi hospitals and our economy.
- The longer the House waits, the more devastating the cuts. Delaying cuts until August costs Medicaid or taxpayers \$1.13 million every day. Delaying cuts until February 2009 costs \$2.5 million every day.
- Cuts will affect hospitals, physicians, nursing facilities, and non-institutional providers, and will, unfortunately, have a negative impact on health care in Mississippi.

The best plan

- SB 2013, developed by the Mississippi Hospital Association and the Division of Medicaid, passed the Senate on an overwhelming bi-partisan vote of 41-to-7.
- Under this plan, hospitals would get \$6 back in Medicaid reimbursements and distributions for every \$1 they put in.
- The new funding method amounts to an increased tax of only six-tenths-of-one percent (**.0061**) on hospitals' gross revenue.
- It is the fair, permanent, sustainable solution that maximizes the return from Medicaid to Mississippi and our hospitals.

- Tell your House member to support SB 2013 when the Special Session resumes on August 4, 2008.